

# Commissioners pass income tax increase

*Resolutions of intent to cut property taxes and stormwater fees also passed*

by **MARIAN MCMAHON**

**LAKE COUNTY** - The Lake County Board of Commissioners, believing it needed to act to bring in more revenue for the county, voted to raise the county piggyback sales tax by 0.5 percent effective April 1 at its Jan. 24 meeting.

However, to help offset that tax increase, they also passed resolutions of intent to reduce the 2.1 inside mills the county collects on real estate taxes to just 1.0 mills, a savings of about \$35 per \$100,000 of property valua-

tion.

A third resolution of intent to help ease the sales tax increase will cut the Lake County Stormwater Management Department fees, for residents and other types of property owners in participating communities, by 50 percent.

There was extended discussion during the first public portion.

"I urge the commissioners to approve these proposals, increasing the sales tax," said Lake County Auditor Ed Zupancic. "As the Lake County Auditor and chief fiscal officer I have witnessed firsthand the deterioration of the county's revenue over the last several years. Because of this, I believe the credit rating of the county is in jeopardy."

He said the county's obli-

gation to provide services required by the state have not decreased so he commended them for taking their proposed action.

"I'm here representing the city of Mentor," said Kenneth Filipiak, Mentor city manager. "As the commissioners are aware, our city council has adopted a resolution encouraging the commissioners to delay this vote today."

He said Mentor asked for the delay in order for the city to determine how its residents and business owners feel about it. About 800 response cards were mailed out and about 100 businesses responded with 60 percent being opposed to the tax; 27 percent approved it and the 13 percent had no opinion either way.

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Those opposed stated they understood the need for revenues, but felt their businesses would be hurt by the sales tax increase.

"I would also ask that if the commissioners are intent on moving forward with the resolution today that you strongly consider making it a temporary measure to see to what extent revenues in the county could bounce back, so that we're not generating an amount of revenue that perhaps exceeds the needs," Filipiak said.

Board President Ray Sines noted Mentor property owners would see a combined \$1.658 million reduction in their property taxes.

"This is one thing that will help, not only the business community, but individuals, elderly, in reduction of their property tax," he said.

The entire county will have a property tax reduction of about \$5.5 million.

Sines said the commissioners did not want to raise taxes, but the county was obligated by state law, to provide certain services and 75 percent of the budget involved law enforcement, such as the sheriff's office, the courts, the prosecutor's office and public defenders' office.

The county budget has decreased from \$62 million in 2008 to \$52 million this year.

During budget discussions the past week, some possible actions discussed were closing several floors of the county jail and the juvenile detention center, and closing some government offices several days a month, if nothing was done to increase revenue.

"Our budget projections for 2013, if we do nothing, are below \$50 million," Commissioner Bob Aufuldish said. "We're talking about over 100 jobs. This

county would almost be in fiscal emergency."

He said all property owners will benefit from the real estate tax decrease which will not affect the schools or libraries; it is just money the county would have received.

"I believe the city of Mentor gets 3 inside mills," Aufuldish said.

Commissioner Dan Troy said the county voters elected the three of them and it was their responsibility to look out for their interests.

For nine years the commissioners delayed increasing taxes, choosing, rather to make cuts in personnel and expenses.

He noted Lake County established the first piggyback sales tax of .5 mills, and that had not been increased in 43 years.

"I believe in that time the Mentor income tax has gone from 1 percent to 2 percent," Troy said. "We get 2.1 inside mills. That has been collected by this county since 1933. We are going to reduce that by more than half down to 1.0 mills.

"We are going to shift our tax base more to one based on consumption and away from one that people find very onerous and complain about a lot; one based on the property they own," Troy said.

He noted Mentor does receive 3 inside mills on property taxes, plus the county cannot charge income taxes as Mentor does.

"I'm surprised the city of Mentor would complain. The city of Mentor has been getting almost twice as much from the Local Government Fund than the County General Fund has been getting for 29 years," Troy said.

He said there used to be hearings and the communities would ask for what they felt they needed and Mentor

would ask for more than was available for the whole county. While the county was guaranteed 30 percent of the Local Government Fund, the commissioners in 1982 created a new formula which reduced the county share to just 11 percent. They estimate that adds up to about \$75 to \$100 million the county gave up to benefit the communities.

"Should we change that; we're going to try to change it, but in order to change it we're going to need a vote of the county commissioners, an affirmative vote of the legislative authority of the largest municipality in the county and 50 percent of the legislative authorities of the other municipalities," Troy said, "so I guess the question is fat chance, because that's not going to happen."

Troy asked how many tax increment financing deals Mentor has approved which spares the schools and libraries, but cuts taxes payable to the county to fund projects in community reinvestment areas. County tax money has been diverted for other projects, which has not helped the county situation. He added Mentor never consults the commissioners when it takes those actions which decrease county revenue.

The public relations director for Great Lakes Mall gave her opinion that the sales tax increase would not be a problem.

Filipiak said it was not Mentor council's intent to require the commissioners to consult them before taking action, but rather to delay the decision until the city could gather more information on the impact.

Sines asked if they really believed people would go to another county to shop because of the increase.

Filipiak said International Council of Shopping Centers believed increased sales tax would bring about decreased sales.

Connie Luhta of Concord Township, speaking as a private individual and business owner, gave her vote of approval to the commissioners' proposal. She said 14 percent of her income from Concord Airpark is paid to the Stormwater Management Department, so she appreciated having those fees cut by 50 percent.

In the absence of Sheriff Dan Dunlap, Deputy Chief Frank Leonbruno addressed the commissioners to express the sheriff's support of the proposal. He said the county jail is currently housing 375 inmates of which 80 are women and two-thirds are felons. If two or three floors need to be closed for lack of money, there will be felons released. Also, the approximately \$600,000 annually the LCSO receives for housing inmates from out of the county would no longer be received.

Following all comments, the commissioners voted to approve the following resolutions:

- Resolution to increase the rate of the sales and use tax by one-half of one percent for the benefit of Lake County pursuant to Ohio Revised Code Section 5739.021 and Ohio Revised Code Section 5741.021.

"This resolution and the next two are part of the plan we are proposing at this point," said Commissioner Dan Troy.

- Resolution of intent to reduce the rate of property tax currently levied for current expenses within the 10-mill limitation by the Board of County Commissioners, pursuant to Ohio Revised Code Section 5705.313.

- Resolution of intent to reduce the Lake County Stormwater Management District fees for participating communities by 50 percent of the current collections effective in year 2013.